

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Modification of Mail Classification Schedule
Regarding Parcel Select Nonpresort

Docket No. MC2013-29

PUBLIC REPRESENTATIVE COMMENTS ON POSTAL SERVICE
NOTICE OF MINOR CLASSIFICATION CHANGE CONCERNING
PARCEL SELECT NONPRESORT

(January 22, 2013)

The Public Representative hereby provides comments pursuant to Order No. 1613.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a minor classification change to modify the minimum volume requirement for Parcel Select Nonpresort.² The proposed modification will change the current volume requirement from “50 pieces per mailing” to “50 pieces or 50 pounds per mailing.” Notice at 1. Attachment A to the Notice presents the changes to the text of the Mail Classification Schedule (MCS). *Id.*, Attachment A.

The Postal Service states that this change was requested by certain Parcel Select mailers who wish to send their residual pieces at Parcel Select Nonpresort prices. *Id.* at 1. Accordingly, this “small change will permit commercial mailers, who meet the new weight requirement, to mail fewer than 50 Parcel Select Nonpresort pieces under certain conditions contained in the Domestic Mail Manual [DMM].” *Id.* The Postal Service requests Commission approval of this proposed change by January

¹ PRC Order No. 1613, Notice and Order Concerning Minor Classification Change Related to Parcel Select Nonpresort and Request for Supplemental Information, January 9, 2013.

² Notice of the United States Postal Service of Minor Classification Changes Related to Parcel Select Nonpresort, January 8, 2013, at 1 (Notice).

27, 2013, so that it will take effect at the same time as the recently approved “generally applicable” price changes for market dominant products.³

In its Notice and Order, the Commission requests supplemental information concerning the referenced DMM conditions and the existing mailing options for mailers not meeting the current minimum Parcel Select volume requirement.⁴ The Postal Service’s response states that in addition to the revised “50 pieces or 50 pound per mailing” minimum, no minimum volume is required to qualify for Parcel Select Nonpresort prices when parcel mailings consist of at least 50 Parcel Select pieces, are paid through a USPS-approved PC Postage system, or are part of a combined parcel mailing specified in section 705 of the DMM.⁵

COMMENTS

The Public Representative cannot at this time recommend Commission approval of the Postal Service’s proposed change to the minimum volume requirement for Parcel Select Nonpresort. It is unclear whether the proposed changes are consistent with 39 C.F.R. §§ 3020.90 and 3020.91 in that the changes may affect the cost or market characteristics of the Parcel Select product. For the reasons stated below, the Commission should, before approval, seek additional information concerning the cost effect of this change in the minimum volume requirement on Parcel Select Nonpresort, which also has implications for Standard Post.

Background. Currently, mailers have two primary options for sending Parcel Select residual single-piece parcels: Parcel Select Nonpresort and Parcel Post. Parcel Select Nonpresort prices are available for residual parcels when part of a mailing containing at least 50 Parcel Select pieces or as an individual mailing when postage is paid using PC Postage. Parcel Post prices are available as part of a combined manifest mailing and postage is paid using permit imprint. Response at 3.

³ *Id.* at 1 – 2; PRC Order No. 1541, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, November 16, 2012.

⁴ PRC Order No. 1613, at 2.

⁵ Response of the United States Postal Service to Order No. 1613, January 14, 2013 (Response); see also Postal Bulletin 22353, December 27, 20122.

In Order No. 1411, the Commission approved the transfer of Parcel Post, renamed “Standard Post,” to the competitive product list.⁶ As part of the most recent change in rates “of general applicability” for competitive products, the Postal Service announced price increases of 4.2 percent and 21 percent on average for Parcel Select Nonpresort and Standard Post, respectively.⁷ Those price increases become effective January 27, 2013. In addition to increasing prices 21 percent on average, permit imprint was eliminated as a postage payment option for Standard Post. Response at 3. As a result, “mailers using an approved manifest-mailing system (which requires the use of permit imprint) will no longer be able to add residual single-piece Parcel Post items to their manifest mailings,” thereby precluding the use of Standard Post. *Id.*

Observations. The Public Representative does not agree with the Postal Service’s characterization that the proposed change in the minimum volume requirement for Parcel Select Nonpresort is “small.” Notice at 1. This change has important implications not only for prices paid by mailers but potentially the costs to the Postal Service for Parcel Select Nonpresort as well as Standard Post.

Currently, mailers with residual parcels use permit imprint as a postage payment option for Parcel Post, the prices of which are generally less than Parcel Select Nonpresort prices for comparable weights and Zones below 30 pounds. As noted above, however, effective January 27, 2013, the Postal Service will eliminate the permit imprint postage payment option for Parcel Post, *i.e.*, Standard Post. Absent the change in the current Parcel Select Nonpresort 50-piece minimum volume requirement, mailers will pay the 21 percent average price increase for Standard Post—the only other option for mailers’ residual parcels that do not meet this minimum requirement.

Traditionally, minimum volume requirements have been one of several worksharing activities required of commercial mailers in exchange for access to discounted prices. In theory, minimum volume requirements reduce costs to the Postal

⁶ PRC Order No. 1411, Order Conditionally Granting Request to Transfer Parcel Post to the Competitive Product List, Docket No. MC2012-13, July 20, 2012.

⁷ Notice of the United States Postal Service of Changes in Rates of General Applicability for Competitive Products Established in Governors’ Decision No. 12-2, Docket No. CP2013-3, October 11, 2012, Governor’s Decision No. 12-2, at 3 – 4.

Service associated with entering mailpieces for processing and minimizing the documentation required to establish eligibility of mailpieces for such discounted prices.

The Postal Service's revised "50 pieces or 50 pound per mailing" minimum entry requirement eliminates the minimum volume requirement for all Parcel Select Nonpresort parcels weight 50 pounds or more. The Postal Service is also proposing to eliminate through an amendment to the DMM the minimum volume requirement for many additional residual parcels that individually weigh less than 50 pounds. Response at 2. Eliminating the minimum volume requirement raises questions about the effect on the costs of Parcel Select Nonpresort and Parcel Select. It also raises questions about the rationale for minimum volume bulk entry requirements generally.

The revised "50 pieces or 50 pound per mailing" minimum entry requirement could also affect the cost of Standard Post. Assuming approval of the revised entry requirement, mailers will likely use Parcel Select Nonpresort rather than Standard Post for their residual parcels. The absence of such parcels, which tend to be of uniform shape and size with high-quality addressing, from the Standard Post mailstream is likely to increase the processing costs of Standard Post.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

James F. Callow
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6839
callowjf@prc.gov